

Message Text

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41

ACTION ABF-01

INFO OCT-01 EUR-12 IO-13 ISO-00 EB-07 /034 W

----- 115504

R 280845Z OCT 76

FM AMEMBASSY BERN

TO SECSTATE WASHDC 3422

INFO AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMCONSUL FRANKFURT

AMCONSUL ZURICH

USMISSION GENEVA

UNCLAS BERN 4923

EO 11652: N/A

TAGS: AGAO ETRD SZ

SUBJ: GAO SURVEY ON ALTERNATIVE METHOD OF FINANCING US EXPORTS -
SWITCH TRADING

REF: BERN 4587

1. EMBASSY HAS RECEIVED FOLLOWING LETTER FROM SWISS FEDERAL
DIVISION OF COMMERCE REQUESTING ADDITIONAL INFO REGARDING
SUBJECT STUDY.

2. QUOTE:

REFERENCE IS MADE TO THE LETTER YOU ADDRESSED TO THE FEDERAL
POLITICAL DEPT ON OCT 5, 1976, CONCERNING A REQUEST
THE EMBASSY RECEIVED FROM THE US GENERAL ACCOUNTING
OFFICE (GAO) TO ASK THAT THE SWISS GOVT ALLOW OFFICIALS
OF THE GAO TO CARRY OUT INTERVIEWS IN SWITZERLAND WITH
REPRESENTATIVES OF CERTAIN BANKS AND FIRMS. AS YOU EXPLAIN
IN YOUR LETTER, THE GAO IS LOOKING INTO HOW SWITCH TRADING
TRANSACTIONS ARE USED AS AN ALTERNATIVE MEANS OF FINANCING
EXPORTS OR AS A MEANS OF OVERCOMING RESTRICTIONS OR
LIMITATIONS PLACED ON TRADE BY SUCH FACTORS AS AN IN-
CONVERTIBLE CURRENCY OR THE UNAVAILABILITY OF FOREIGN
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EXCHANGE OR CREDIT TO FOREIGN BUYERS.

IN THE FEDERAL POLITICAL DEPT A DISCUSSION
OF COMPETENCE HAS DEVELOPED WITH REGARD TO THE EMBASSY'S
REQUEST AND A FEW DAYS AGO THE OPINION EMERGED, THIS
MATTER SHOULD BE DEALT WITH BY THE DIVISION OF COMMERCE.
HOWEVER, IT IS EXTREMELY DIFFICULT FOR US TO CONSIDER
CAREFULLY
WHETHER THE REQUEST MADE BY THE GAO WOULD JUSTIFY
THE GRANTING OF A PERMIT BY THE SWISS GOVT UNDER
ARTICLE 271 OF THE FEDERAL PENAL CODE. THE CHARACTER
AND THE SPECIFIC PURPOSE OF THE INTENDED INVESTIGATION
IS NOT SUFFICIENTLY KNOWN TO US, NOR ARE THE SELECTION
CRITERIA WITH REGARD TO THE BANK INSTITUTES AND TRADING
FIRMS MENTIONED IN YOUR LETTER. WE WOULD LIKE TO REPEAT
ON THIS OCCASION THAT, IN THEIR PRACTICAL APPLICATION OF
ARTICLE 271 OF THE FEDERAL PENAL CODE, THE SWISS AUTHORITIES
HAVE ALWAYS BEEN QUITE RESERVED IN GRANTING A PERMISSION.
SUCH AUTHORIZATION IS ONLY GIVEN IN SPECIAL AND EXCEPTIONAL
CASES.

EVEN IF THIS DIVISION WOULD CONCLUDE FROM THE ADDITIONAL
INFO YOU MAY SUBMIT TO US THAT AN AUTHORIZATION
FOR THE REQUESTED OFFICIAL FUNCTION SHOULD BE GRANTED
BY
UR GOVT, THE LAW WOULD ALLOW THE CONTACTING
OF SWISS FIRMS BY OFFICIALS OF THE GAO ONLY AFTER HAVING
PREVIOUSLY OBTAINED THEIR APPROVAL TO MEET WITH THE
VISITING OFFICIALS. OUR PRACTICE WOULD ALSO MAKE IT
NECESSARY THAT A SWISS OFFICIAL WOULD HAVE TO BE PRESENT
AT EACH AND EVERY CALL MADE BY THE GAO OFFICIALS, AS IT
IS BEING DONE IN THE FEW CASES WHERE THE AUTHORIZATION
PROVIDED FOR IN ARTICLE 271 HAD BEEN GRANTED.

WE REGRET TO INFORM YOU THAT WE CANNOT GET IN TOUCH
WITH THE FIRMS LISTED IN YOUR LETTER UNTIL WE SEE CLEAR
AS TO THE PURPOSE AND SCOPE OF THE INVESTIGATION AND
UNTIL WE HAVE EXAMINED THE BASIC QUESTION OF THE
PERMISSION UNDER THE LAW AS SUCH. WE WOULD THEREFORE
APPRECIATE IF YOU COULD PROVIDE US WITH FURTHER INFO.
UNQUOTE.

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3. EMBASSY COMMENT: REQUESTS OF THIS NATURE MAY ULTIMATELY
REQUIRE DECISION OF FEDERAL COUNCIL (EQUIVALENT TO US
CABINET AND PRESIDEN) I SUFFICIENTLY COMPLEX OR IMPORTANT
IN SWISS VIEW. THEREFORE, CONSIDERABLE LEADTIME AND
SUPPORTING EXPLANATION ARE REQUIRED TO CLEARLY AND
NARROWLY DEFINE PURPOSE OF VISIT AND NATURE AND SCOPE
OF INFO BEING SOUGHT.

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Margaret P. Grafeld
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